

When It's Value vs. Growth, History Is on Value's Side

YEARLY OBSERVATIONS OF THE PREMIUMS

Difference in Return for Value Stocks minus Growth Stocks in Australian Markets, 1977-2022



Historically, value stocks have outperformed growth stocks in Australia, often by a striking amount.

- Data covering nearly a century backs up the notion that value stocks—those with lower relative prices—have higher expected returns.
- Value premiums have often shown up quickly and in large magnitudes. For example, in years when value outperformed growth, the average premium was over 17%.
- A consistent focus on value stocks is essential to capturing these outside value premiums when they appear.

Logic and history support a commitment to value stocks so investors can be positioned to take part when those shares outperform in the future.

Past performance is no guarantee of future results. Investing risks include loss of principal and fluctuating value. There is no guarantee an investment strategy will be successful.

In AUD. Yearly premiums are calculated as the difference in one-year returns between the two indices described. Value minus Growth: Fama/French Australia Value Index minus the Fama/French Australia Growth Index.

Fama/French Australia Value Research Index: 2008–Present: Provided by Fama/French from Bloomberg securities data. 1975–2007: Provided by Fama/French from MSCI securities data. Consists of companies whose relative price is in the bottom 30% for the region. The index is reconstituted once a year at the end of December.

Fama/French Australia Growth Research Index: 2008–Present: Provided by Fama/French from Bloomberg securities data. 1975–2007: Provided by Fama/French from MSCI securities data. Consists of companies whose relative price is in the top 30% for the region. The index is reconstituted once a year at the end of December.

The Fama/French indices represent academic concepts that may be used in portfolio construction and are not available for direct investment or for use as a benchmark. Index returns are not representative of actual portfolios and do not reflect costs and fees associated with an actual investment.

Results shown during periods prior to each index's inception date do not represent actual returns of the respective index. Other periods selected may have different results, including losses. Backtested index performance is hypothetical and is provided for informational purposes only to indicate historical performance had the index been calculated over the relevant time periods. Backtested performance results assume the reinvestment of dividends and capital gains.

Eugene Fama and Ken French are members of the Board of Directors of the general partner of, and provide consulting services to, Dimensional Fund Advisors LP.

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